

CLAIMS PROCEDURES FOR PERISHABLES

In order to ensure the smooth handling and finalisation of your claims, it is recommended that the following procedures are adopted. Failure to comply with these simple recommendations and policy requirements will result in delayed finalisation and even possible rejection of claims by insurers.

Many insurance claims are rejected or delayed because the shipper fails to adequately prove their loss to insurers. It is therefore of utmost importance to compile a clear case in support of your claim. These notes can be used as a check-list to assist you in formulating a fully documented claim.

Needless to say, action required will depend on at during what stage of the voyage the loss or damage occurred, the cause of loss and possible quantum of the loss.

Irrespective of above, the following action is always required:

1. Immediately notify your Broker of the loss or any potential loss. Details of possible cause, quantum and place of loss should be provided together with contact details of where the loss and or damages can be inspected.
2. The consignee must immediately place the line at destination on notice (within 48 hours of receipt of the cargo)
3. The consignee must ensure that this is done in writing, and retain proof that such notice was issued to the relevant shipping line or agent
4. You as the shipper must be advised within 48 hours as well so you can advise your Marine Insurers. Your insurers will immediately appoint a surveyor.
5. The shipping line or agent at destination must be invited to attend a joint survey
6. The shipping line or agent must be provided with an opportunity to inspect the loss and or damages and to possibly appoint their own surveyor.
7. The cargo should be preserved in the condition in which it was received until the survey has been carried, unless further damage would result by doing so
8. The fruit may not be sold until the Insurance surveyor has attended a survey.
9. Take all reasonable steps to minimise the loss. Insurers will usually reimburse you for costs reasonably incurred to minimise or prevent any loss or damages.
10. Immediately notify the responsible carrier of the loss and or damages and in so doing, provide them with an opportunity to inspect the loss and or damages and to possibly appoint their own surveyor.
11. At the same time protect your and insurer's recovery rights by holding the responsible carrier liable for any loss and or damages. This can take the form of any written correspondence addressed to the responsible carrier, reflecting details of the claim and the fact that you are holding them liable.
12. Do not take any action which might prejudice your or insurer's position. It is always of utmost importance to ensure yours and insurer's rights of recourse and investigation are protected.

You can now start to set about building your file of documents to support your claim. These would normally be evidence of every step in the chain of events from picking the product to discharge at your client's cold room as follows:

- Bill of Lading
- Supplier's Invoice
- Packing List
- F178/SAD500 or 550 (Exports SARS and Customs Declarations)



- Container Terminal Order (CTO)
- Grower / Farm / Supplier Name, Address and contact details.
- Any contract of carriage entered into with Road Transporter with specific reference to their liability in the event of loss and or damage to cargo whilst in their custody.
- Details of any transshipment.
- Notification from receiver of loss and or damage on receipt.
- Name and contact details of receiver, address etc where the survey will take place
- Pro forma Claim against liable Carriers and their response
- Endorsed Delivery Note
- Copy of Insurance Declaration (where applicable)
- Original Insurance Certificate (where applicable)
- Certificate of Origin
- Phytosanitary Certificate
- Official Export Certificate
- PPECB Export Notification
- PPECB Addendum to Export Inspection Certificate
- PPECB Control List of containerisation
- Temperature Download Chart / Log from Reefer Container or Vessel
- Temperature Download from independent recorder (e.g. temptale)

GENERAL AVERAGE

GA is a system founded on a principal of justice to all, making good ocean marine losses voluntarily incurred for the safety of the entire venture, that is SHIP, FREIGHT AND CARGO. During a voyage, the property of one party may be sacrificed to save all. Following such a sacrifice and the ship safely reaches port, the fortunate party whose cargo was untouched should contribute to the loss of the party whose cargo was sacrificed.

GA cases have a few essential ingredients. First is the common adventure; that is SHIP, CARGO AND FREIGHT must be imperilled and any sacrifice must be extraordinary in nature. If for example the ships gear is lost whilst being used for its original intended purpose, the loss is not General Average. The GA act must be voluntary and intentional (i.e. throwing overboard cargo to lighten a waterlogged ship). The act must also be reasonable. For example, in jettisoning cargo for the common safety of the adventure, the master of the ship must exercise reasonable care in the selection of goods to be thrown overboard. Then, the adventure must be saved, as the essence of GA is sacrifice by one to save all.

WHO PAYS FOR THE GOODS SACRIFICED OR THE EXTRAORDINARY EXPENSES?

As the sacrifice is to benefit the common venture, ALL MUST CONTRIBUTE TO THE LOSS. In simple terms the contribution is levied on arrived values of SHIP, CARGO AND FREIGHT. Arriving at these values is no easy task as many factors have to be considered. Cargo ships involved in regular trade often have goods shipped under 1500 bills of lading, which creates voluminous basic work in establishing the arrived values. As well as a number of shipments may have arrived damaged and may have been discharged in different ports in different countries.

The owners of the property sacrificed, or those who have incurred an extraordinary expense, must as with the practise of insurance be made whole, i.e. put back into the same financial position had the loss/GA not incurred in the first place. The preparation of GA adjustments is as a rule entrusted to professional Average Adjusters. Although usually appointed by the ship owner they remain quite independent. Their goal is to do justice to all whom had an interest in the voyage.



In the event of GA, documents must be presented by cargo owners to a GA Adjuster to replace the vessel owner's maritime lien on cargo for its share of GA and to obtain release of cargo from the steamship company. GA Security consists of a GA Bond and either a cash deposit or an insurance company's Guarantee.

A GA Bond or GA Agreement is an agreement of the cargo (usually consignee) to pay that proportion of the GA contribution, salvage, or special charges owned by the shipment, and to give information about its value so a GA Adjuster can be prepared. The vessel owner will not release cargo for delivery to the consignee until the cargo owner signs this average agreement or bond, which is prepared by the GA Adjuster. A cash deposit (usually based on the estimated percentage of GA) which the GA Adjuster demands from the owner of the cargo to secure the payment of its proportion of the GA. This cash deposit is usually demanded as additional security to the GA Bond. The deposit may be replaced by a GA Guarantee.

Should Marine Cargo Insurance be in place, your insurer will provide a General Average Guarantee to the General Average Adjuster. This is an insurance company's written guarantee to the General Average Adjuster guaranteeing to pay the legally due proportion of General Average finally assessed against the Insured's insured cargo. This guarantee is usually accepted by the Adjuster in lieu of a cash deposit and is additional security to the bond signed by the owner of the goods.

ALWAYS REMEMBER THAT THE MOMENT YOUR OR YOUR CUSTOMER'S CARGO IS PLACED ONBOARD A VESSEL THAT YOU HAVE AN INTEREST IN THE WHOLE VENTURE AND NOT JUST YOUR OWN CARGO.

GA will affect your bottom line if you do not purchase Marine Cargo Insurance. Even the most restrictive marine cargo policy covers this risk.

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